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C O N F I D E N T I A L SECTION 01 OF 02 LJUBLJANA 000003

SIPDIS

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TAGS: [ENRG](#) [ECON](#) [EPET](#) [PREL](#) [PGOV](#) [SI](#)
SUBJECT: GAZPROM HALTS DELIVERIES, BUT SLOVENES REMAIN
TYPICALLY CALM FOR NOW

Classified By: DCM Brad Freden for reasons 1.4(b,d)

Summary

1. (C) Gazprom completely closed down gas supplies to Slovenia at midnight on January 6, saying deliveries will not resume for at least 24 hours. Slovenia receives about 55% of its gas from Russia. The country has reserves for 30 to 45 days stored in Austria, but Government officials are concerned about access to these supplies should Austria run desperately short of gas. Slovenia is looking to Brussels to broker a solution to the immediate problem, if not Europe's longer-term dependence on Russian gas. Slovenians are clearly hoping that the latest crisis will prompt the U.S. to move beyond what appears to them to be an increasingly untenable position that a market-driven approach centered on Nabucco is the answer to Europe's problems. End summary.

The actions and the reactions

2. (SBU) According to press reports, on January 5 Gazprom warned their Slovenian distributor Geoplin about possible interruptions of the gas supply to Slovenia. On January 6, Gazprom cut supplies off completely between 04:00 am and 10:00 am, after which 10% of the usual supply started flowing through. The situation briefly improved, climbing to 60% of usual supply in the afternoon, but by midnight the supply was completely closed down again, and Gazprom reportedly told Geoplin that there would no further gas for at least 24 hours. To meet demand, Geoplin is drawing on its reserves, which are stored in Austria. Janez Kopac, director general of energy at the ministry of economy, told press that Slovenia's storage in Austria is at 75% of capacity, which is enough for one and a half months. Officials at the Ministry of Economy gave EmbOffs conflicting estimates about the situation, but it seems that gas reserves would suffice at least for one month of uninterrupted consumption.

3. (C) However, on January 6, Ziga Cibelj, Economic Advisor to PM Pahor, told the DCM that the government is extremely concerned by Gazprom's actions. Cibelj intimated that the Slovenian government was not entirely confident that it would have timely access to all of its reserves if Austria faced its own gas crisis. Marko Makovec, Foreign Advisor to the Prime Minister, explained to EmbOff on January 7 that the government sought to find a common EU approach to the immediate problem. Cibelj was, however, realistic about the limited prospects for an effective long-term EU energy policy that sought to reduce dependence on Russia. He noted that Gazprom representatives are due in Slovenia next week to continue discussions on South Stream. Slovenia, Cibelj said, "wants to do the right thing" regarding energy diversification, but needs support from its international partners. He asked for the U.S. position on South Stream, which we dutifully recited. Politely dismissing the near-term prospects for the Nabucco pipeline, Cibelj opined that Libya might be a viable alternative for Slovenia's gas needs.

14. (SBU) Slovenia typically receives about 55% of its gas from Russia, 35% of its gas from Algeria, and 10% from Austria. Slovenian can not significantly increase supplies from Algeria or Austria due to long-term contracts in place.

15. (U) Industry, which consumes roughly 55% of natural gas in Slovenia, will suffer most from the cutbacks if the situation is not resolved. Households consume 25%, NAFTA Petrochem Company uses 10%, and the thermal power plant Brestanica uses 10%. Current gas consumption in Slovenia is lower than usual due to reduced economic activity caused by the global financial crisis.

Comment

16. (C) The government is concerned and focused on the issue, but the atmosphere here is not one of crisis. As a small country and one not totally reliant on Russia for its energy needs, Slovenia is, for the time being at least, comfortable leaving the driving to Brussels. In the longer term, we expect that Slovenia will probably abandon current plans to build two new gas power plants in favor of moving up the timetable for production of a second block at the Krsko nuclear power plant. Slovenia may also intensify research and planning activities on alternative renewable sources. Slovenia has considered constructing its own natural gas storage capacity for several years, and if problems occur with Austria over retrieving Slovenia's reserves, the government will certainly push to hasten negotiations and the permitting process. Finally, Slovenians are clearly hoping that the latest crisis will prompt the U.S. to move beyond what appears to them to be an increasingly untenable position

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that a market-driven approach centered on Nabucco is the answer to Europe's problems. End comment.
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